

**AMENDMENTS TO THE CLAIMS**

The following claims replace all prior versions and listings of claims in the application:

Claims 1-6 (cancelled).

7 (original). A method for reducing data loss in the event of packet loss in a modem relay connection over a packet network including a transmitting modem and a transmitting gateway, a receiving modem and a receiving gateway, the method comprising the steps of:

providing a packet format including a header portion, a sequence number and a data portion;

dividing said data portion into a plurality of segments;

designating one of said segments as a new data segment;

providing sequential blocks of modem data from said transmitting modem to said transmitting gateway;

retaining a predetermined number of sequential blocks of modem data at said transmitting gateway, by dropping the oldest block and retaining the most recent block;

providing the most recent block of data in said designated new data segment of said data portion of said packet;

providing the remaining retained blocks of data in the remainder of said segments;

wherein:

each time said transmitting gateway receives new block of data from said transmitting modem, said oldest block is dropped from said retained set of data,

said new block of data is encoded in the next data packet as the new data block; and

said remaining retained blocks are encoded into said data packet as redundant data blocks;

transmitting said packets from said transmitting gateway to said receiving gateway.

8 (original). The method of claim 7, wherein lost packet recovery at said receiving gateway includes the steps of:

receiving said transmitted packets;

reading said sequence numbers of consecutively received packets to determine packet loss, including;

comparing the sequence number of sequentially received packets, and determining the difference in the compared sequence numbers;

providing the data corresponding to said designated new data segment, to said receiving modem;

additionally providing the data corresponding to the next most recent blocks of data equal in number to one less than the value of said determined difference in the

compared sequenced numbers, to acquire data blocks corresponding to the determined lost packets.

9 (original). The method of claim 8, wherein the number of said retained predetermined number of sequential blocks is re- negotiated when said number of detected missing packets exceeds said retained predetermined number of sequential blocks between the two gateway's.

10 (original). The method of claim 9, further including  
detection of a value of the number of lost packets which exceeds the value of  
said retained predetermined number of sequential blocks;  
said receiving gateway reporting said detection;  
adjusting the redundancy to compensate for increases in packet loss across said  
packet network.